

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2649 – SB 2514

March 13, 2012

SUMMARY OF AMENDMENT (014338): Amends Section 8 of the original bill. Changes the funding mechanism for the recommended \$10,000,000 in additional Tennessee Student Assistance Awards so that the funds come from the lottery reserve rather than from net lottery proceeds.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures - Net Impact - \$4,115,500/FY15-16/Lottery for
Education Account
Net Impact- \$9,052,400/FY16-17 and the next
Eight Subsequent Fiscal Years
/Lottery for Education Account

Other Fiscal Impact – In the eleventh fiscal year after implementation (FY25-26), if the General Assembly elects not to appropriate an additional \$10,000,000 to the Tennessee Student Assistance Award program, the decrease in state expenditures from the Lottery for Education Account will be greater since any decrease in the first ten years after implementation will be netted against this appropriation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures - \$14,115,500/FY15-16/Lottery for Education
Account
\$19,052,400/FY16-17 and the next Eight
Subsequent Fiscal Years/
Lottery for Education Account

Other Fiscal Impact - \$10,000,000 will be earmarked for additional awards from the lottery reserves beginning in FY15-16 and the next nine subsequent fiscal years. In the 11th fiscal year after implementation (FY25-26), if the General Assembly elects not to appropriate an additional \$10,000,000 to the Tennessee Student Assistance Award program, the lottery reserve account will retain an additional \$10,000,000 than in FY24-25.

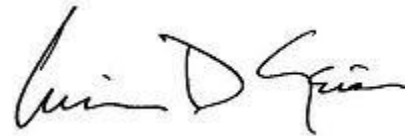
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Assumptions applied to amendment:

- The state will increase appropriations for the Tennessee Student Assistance Awards by an additional \$10,000,000 beginning in FY15-16 and the next nine subsequent fiscal years from the lottery reserves.
- According to the Tennessee Student Assistance Corporation (TSAC), 5,724 students (including new freshman cohort and home school students) will receive a reduced HOPE or ASPIRE award amount in FY15-16.
- With reduced awards, HOPE recipients will receive \$2,000 and ASPIRE recipients will receive \$3,500.
- According to TSAC, the reduction in state expenditures in FY15-16 from the Lottery for Education Account will be \$14,115,500.
- Based on information provided by TSAC, the number of students who will receive a reduced award in FY16-17 will be 8,207 (including a new incoming freshmen class with home school students and renewals from FY15-16).
- According to TSAC, the decrease in state expenditures in FY16-17 as a result of increasing HOPE and ASPIRE eligibility requirements will be \$19,052,380.
- After the second year of implementation, students previously receiving a reduced scholarship amount will become eligible for a full HOPE or ASPIRE scholarship or grant. For the purposes of this fiscal note, it is assumed that the decrease in state expenditures will remain relatively even over the next eight fiscal years beginning in FY17-18 and further assumes that the number of students entering, renewing, and becoming eligible for the increased HOPE or ASPIRE scholarship each fall remains approximately the same.
- In FY25-26 (eleventh fiscal year after implementation), the lottery reserves may retain an additional \$10,000,000 if the General Assembly does not continue the draw down from the account for additional Tennessee Student Assistance Awards.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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